

Message Text

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PAGE 01 STATE 250573
ORIGIN EB-08

INFO OCT-01 AF-10 ISO-00 /019 R

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-----105998 191425Z /46
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FM SECSTATE WASHDC
TO AMEMBASSY LAGOS

UNCLAS STATE 250573

E.O. 11652: N/A

TAGS: EINV, EIND, EFIN

SUBJECT: UPDATE OF INVESTMENT CLIMATE STATEMENT

REFS: (A) STATE 244738, (B) LAGOS 11882

1. STATE 165596 DATED JULY 14, 1975 IS REPEATED FOR YOUR INFORMATION.

QUOTE: REF: (A) STATE 53993 (MARCH 18, 1974; (B) STATE A-8843 (OCT. 25, 1973)

2. SUMMARY: POSTS ARE REQUESTED TO UPDATE FOREIGN INVESTMENT STATISTICS AND NARRATIVE STATEMENTS ON INVESTMENT CLIMATE REPORTED LAST YEAR. AGAIN THIS YEAR, THE STATEMENTS ON INVESTMENT CLIMATE WILL COMPRISE A COMPENDIUM WHICH WILL BE PUBLISHED AND DISTRIBUTED TO GOVERNMENT AGENCIES AND TO BUSINESSMEN AND ORGANIZATIONS, USED BY DEPARTMENT OFFICIALS AS WITNESS MATERIAL FOR CONGRESSIONAL HEARINGS (INCLUDING THOSE HELD BY THE SENATE SUBCOMMITTEES

ON MULTINATIONAL CORPORATIONS AND ON FOREIGN COMMERCE AND TOURISM) AND INCLUDED IN THE DEPARTMENT'S INFORMATION UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 250573

RETRIEVAL SYSTEM. END SUMMARY.

3. THE INVESTMENT CLIMATE AND STATISTICS DATA HAVE BEEN

A VALUABLE AID TO GOVERNMENTAL POLICYMAKING. FOR EXAMPLE, THE MARKED INCREASE IN FOREIGN INVESTMENT COMING INTO THE U.S. HAS GENERATED INTEREST IN THE POLICIES OF FOREIGN

GOVERNMENTS TOWARD INWARD INVESTMENT. THESE DATA HAVE ALSO PROVED USEFUL IN THE PREPARATION OF U.S. MATERIALS AND POSITIONS FOR OECD MEETINGS, INCLUDING DAC.

4. POSTS ARE REQUESTED TO TELEGRAPH REPLIES BY AUG. 8. THE TEXTUAL STATEMENT ON INVESTMENT CLIMATE SHOULD INCLUDE ALL ARTICLES, PREPOSITIONS, ETC.

5. INVESTMENT CLIMATE. POSTS ARE ASKED TO FURNISH A CANDID AND DETAILED NARRATIVE STATEMENT ON THE CLIMATE FOR DIRECT FOREIGN INVESTMENT (DFI) IN THEIR COUNTRIES. ASPECTS OF THE CLIMATE WHICH ARE CONSIDERED SIGNIFICANT WILL VARY FROM COUNTRY TO COUNTRY, BUT MIGHT INCLUDE SOME OF THE FOLLOWING:

(1) ATTITUDE OF THE GOVERNMENT AND OTHER DOMESTIC GROUPS TOWARD DFI, AND MORE GENERALLY TOWARD THE ROLE OF THE PRIVATE SECTOR IN THE ECONOMY;

(2) PROPOSED OR EXISTING LAWS AND PRACTICES WHICH RESTRICT, SCREEN, OR OFFER INCENTIVES TO DFI, INCLUDING THOSE DIRECTED AT SPECIFIC REGIONS, INDUSTRIES, OR TECHNOLOGIES;

(3) TARIFF, NON-TARIFF, TAX, AND SUBSIDY POLICIES AND PRACTICES WHICH AFFECT (A) THE FOREIGN FIRM'S CHOICE
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 250573

BETWEEN EXPORTING TO THE LOCAL MARKET OR INVESTING IN IT, (B) SOURCING OF INPUTS AND EQUIPMENT, AND (C) THE QUALITY AND NATURE OF ITS OUTPUT;

(4) FOR DEVELOPING COUNTRIES, DEVELOPMENT POLICIES WHICH

AFFECT THE DECISION TO INVEST (E.G., IMPORT-SUBSTITUTING POLICIES), THE CHOICE OF CAPITAL-OR LABOR-INTENSIVE TECHNIQUES (E.G., SUBSTANTIAL FRINGE BENEFIT PROVISIONS, HIGH WAGE POLICIES IN THE MODERN SECTORS, FISCAL INCENTIVES TO USE LABOR). OR THE AMOUNT OF BENEFITS ACCRUING TO THE HOST COUNTRY (E.G., TAXES PAID, EMPLOYMENT GOALS);

(5) NATURAL RESOURCE MANAGEMENT AND INVESTMENT POLICIES;

(6) GOVERNMENTAL ADMINISTRATIVE PRACTICES;

(7) OWNERSHIP POLICIES, INCLUDING JOINT VENTURE REQUIREMENTS;

(8) AGGREGATE ECONOMIC POLICIES, INCLUDING DEMAND, INFLATION, CREDIT, EXPORT CONTROL, AND PRICE AND WAGE

CONTROL POLICIES;

(9) AGGREGATE ECONOMIC PERFORMANCE;

(10) INDUSTRIAL POLICIES FAVORING THE DEVELOPMENT OF CERTAIN INDUSTRIES;

(11) RULES ON LOCAL PROCUREMENT OF RAW MATERIALS AND INTERMEDIATE INPUTS;

(12) RULES ON LOCAL EMPLOYMENT AND SPECIAL FEATURES OF LABOR-MANAGEMENT RELATIONS;

(13) GOVERNMENT PROCUREMENT POLICIES;
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 250573

(14) RULES ON EXPORT GOALS FOR FOREIGN INVESTORS;

(15) FIXING PRICES, TERMS OR CONDITIONS TO BE OBSERVED IN DEALING WITH OTHER ENTERPRISES IN THE PURCHASE, SALE OR LEASE OF PRODUCTS;

(16) APPLICATION OF ANTI-TRUST LAWS, HOST COUNTRY OR U.S.;

(17) FOR DEVELOPING COUNTRIES, THE AVAILABILITY AND USAGE OF OPIC'S POLITICAL RISK INSURANCE;

(18) EXISTENCE OF FCN, AER AND DOUBLE-TAXATION TREATIES WITH THE U.S.

(19) PROBLEMS CREATED BY EXTRATERRITORIAL APPLICATION OF HOST COUNTRY OR U.S. LAWS;

(20) INCIDENCE OF EXPROPRIATIONS OR INCONVERTIBILITY RESTRICTIONS; AND

(21) APPLICATION OF PATENT, ROYALTY, TECHNOLOGY TRANSFER.

ALL POSTS SHOULD DEVOTE ONE OR TWO SENTENCES TO INVESTMENT STATISTICS, AND DESCRIPTION OF THE CURRENT PATTERN OF FOREIGN INVESTMENT INFLOWS. EAST EUROPEAN POSTS (AND USLO PEKING) MAY WISH TO DISCUSS INVESTMENT IN THE BROAD FRAMEWORK OF COOPERATIVE VENTURES, INCLUDING PRODUCTION SHARING ARRANGEMENTS, ESPECIALLY WHERE MANAGEMENT SERVICES AND TECHNOLOGY ARE PROVIDED ON A CONTINUING

BASIS BY THE AMERICAN PARTNER. POSTS MAY ALSO DRAW ON
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 250573

THE MULTINATIONAL CORPORATION REPORTING GUIDE (REF. B) FOR OTHER POINTS WHICH, AT THE POST'S DISCRETION, MIGHT BE COVERED IN THE NARRATIVE.

6. THE VALUE OF THE NARRATIVE ON INVESTMENT CLIMATE LIES IN THEIR CANDID DESCRIPTION AND ANALYSIS OF ACTUAL INVESTMENT CONDITIONS. IN PREPARING THE NARRATIVE, IT IS HELPFUL TO KEEP IN MIND THAT THEY ARE DESIGNED FOR USE BY GOVERNMENT POLICYMAKERS AS WELL AS BY BUSINESSMEN. THEREFORE, POSTS SHOULD PLACE A PREMIUM ON ANALYSIS WHICH SUPPLEMENTS DESCRIPTION. THE NARRATIVES SHOULD NOT INCLUDE INFORMATION ON WHERE TO GO AND WHOM TO SEE. THIS IS AVAILABLE FROM ALTERNATIVE SOURCES.

7. NARRATIVE STATEMENTS SHOULD NOT EXCEED ONE PAGE, I.E., 48 LINES WITH 60-65 CHARACTERS PER LINE, INCLUDING TITLES. POSTS MAY RELY ON LAST YEAR'S STATEMENT TO THE EXTENT THEY DESIRE. IF LAST YEAR'S STATEMENT DOES NOT NEED ANY CHANGE, SIMPLY SAY SO IN THE REPLY, WITHOUT TRANSMITTING THE TEXT.

8. INVESTMENT STATISTICS: POSTS ARE ASKED TO DEVELOP ESTIMATES FOR THE FOLLOWING DATA:

A. U.S. DIRECT INVESTMENT (BOOK VALUE) AT THE END OF 1974, BROKEN DOWN BY SECTORS:

- TOTAL, ALL INDUSTRIES
- MINING AND SMELTING
- PETROLEUM
- MANUFACTURING
- OTHER INDUSTRIES

B. DIRECT INVESTMENT BY ALL COUNTRIES (BOOK VALUE) NOT BROKEN DOWN BY SECTOR, AT THE END OF 1974, FOR

UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 250573

- TOTAL, INCLUDING U.S.
- OTHER COUNTRIES (TOP THREE)

C. DIRECT INVESTMENT IN THE U.S. BY FOREIGNERS (BOOK VALUE, NOT BROKEN DOWN BY SECTOR) AT THE END OF 1974.

THESE DATA RE CONSISTENT WITH THOSE REQUESTED LAST

YEAR (REF. A). PLEASE DETAIL DATA SOURCES. POSTS IN
COUNTRIES FOR WHICH DATA ON A AND C HAVE BEEN PUBLISHED
IN THE SURVEY OF CURRENT BUSINESS NEED NOT COMPLETE
THESE ITEMS. UNQUOTE. VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT CLIMATE
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: WGBLACK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770384-0329
Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19771042/aaaabjsx.tel
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Review Content Flags:
Review Date: 17-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 860163
Secure: OPEN
Status: NATIVE
Subject: UPDATE OF INVESTMENT CLIMATE STATEMENT
TAGS: EINV, EIND, EFIN
To: LAGOS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/dd23122c-c288-dd11-92da-001cc4696bcc
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